

SEP 5 1989

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(2)

No. 89-199

IN THE

Supreme Court of the United States

OCTOBER TERM, 1989

ENCO MANUFACTURING COMPANY, INC.,

Petitioner,

vs.

CLAMP MANUFACTURING COMPANY, INC.,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

**BRIEF IN OPPOSITION TO
PETITION FOR WRIT OF CERTIORARI**

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QUESTIONS PRESENTED FOR REVIEW

Respondent Clamp Manufacturing Company, Inc.^{1/} ("Clamp") disagrees with the first question for review as set forth in the Petition for Writ of Certiorari in the following respects. Question 1 is inaccurate in that there were no "state trademark protection" issues addressed in the Findings of Fact and Conclusions of Law of the District Court, nor in the opinion of the Court of Appeals for the Ninth Circuit. Furthermore, Question 1 misleadingly states that the "product configuration has not been registered, advertised, or promoted as a trademark", ignoring the Findings of Fact and Conclusions of Law of the District

1/ The following company is an affiliate of respondent Clamp Manufacturing Company, Inc.:
(1) Plus Manufacturing Company, a California corporation.

Court, (F 4, CL 9)^{2/} concerning the thirty years of continuous advertising of the design configuration and the prominent featuring of the design configuration in the historical advertising of Clamp, (PA 14, 21), which findings were affirmed by the Court of Appeals for the Ninth Circuit (PA 9-10).

2/ The following abbreviations are used:

PA :	Pages of the Appendix to Petition
RA :	Pages of the Appendix to Brief in Opposition
F :	Finding of Fact of the District Court
CL :	Conclusion of Law of the District Court, as amended by the Court's Order of November 24, 1987
Tr. :	Trial Transcript
TX :	Trial Exhibit

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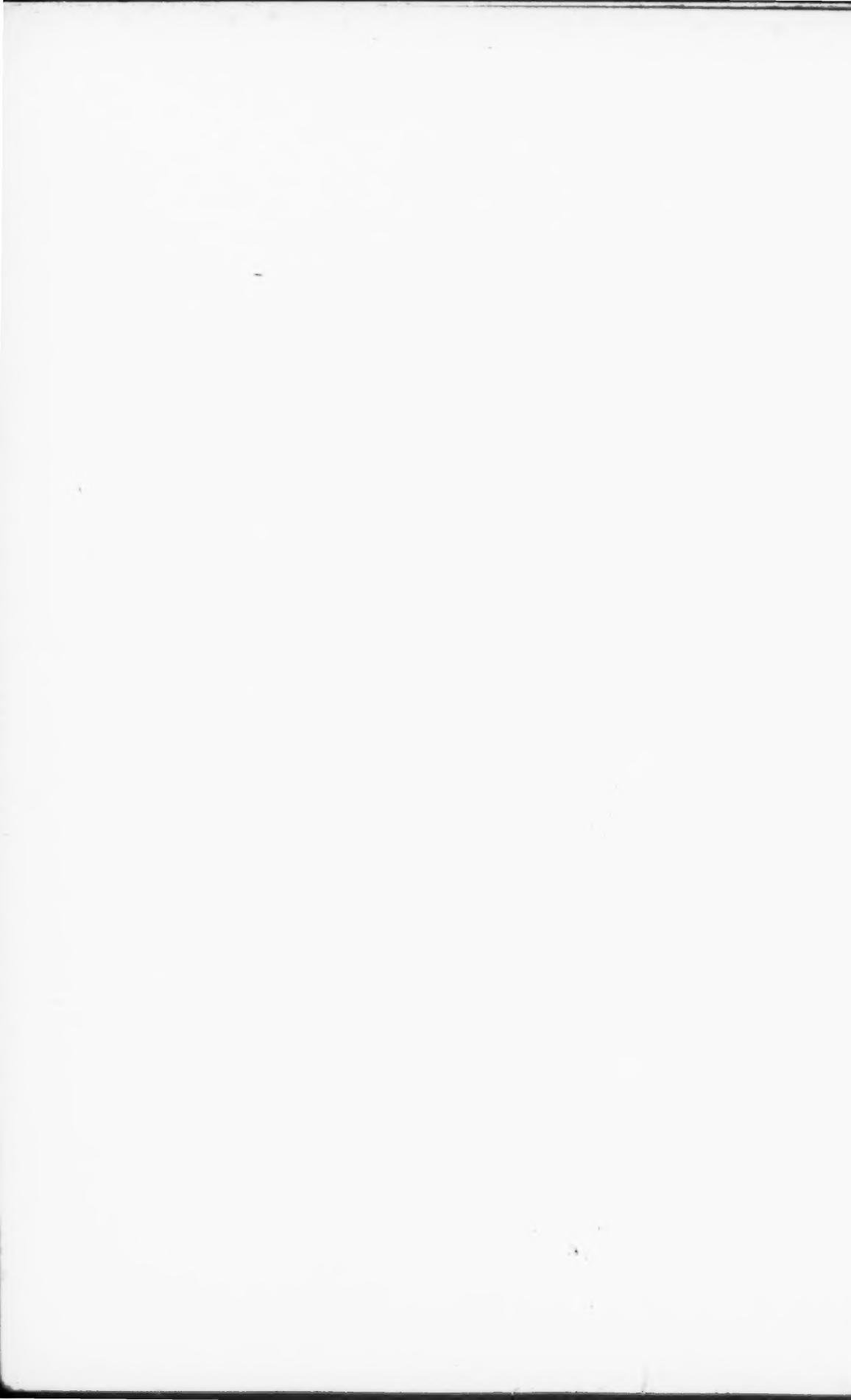
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STATEMENT OF THE CASE

In its statement of the case, Enco contends, in summarizing its activities, that its clamps "are virtually identical to the clamp disclosed in the expired patent." In so doing, Enco displays in its Petition only one of the sizes at issue, the respective 3" clamps distributed by Enco and manufactured and distributed by Clamp (PA 42, 43). However, this exposition of the evidence is incomplete and misleading, as it was in the appeal brief of Enco to the Court of Appeals for the Ninth Circuit.

What Enco has failed to disclose is that at the time it slavishly copied the entire arbitrary and distinctive spectrum of sizes and shapes of Clamp's KANT-TWIST clamps, which line included, a 1" clamp, a 3" clamp, a 4½" clamp, a 6" clamp, a 6"

deep bite clamp, a 9" clamp, a 10" clamp, and a 12" clamp (F 19, PA 17), the 4½", 6" deep bite, 9" and 10" KANT-TWIST clamps differed in appearance (with additional turns or dog-legs) from the configuration depicted in the patent drawing. (RA A-1 and B-1 depict the patent drawing and photographs of the Clamp KANT-TWIST, 6" deep bite clamp and Enco 6" deep bite clamp; See also TX 126, 128, 129, 583, 301.) Thus, contrary to the assertion in Enco's Petition on page 27, Enco has not copied a product exactly as depicted in the expired utility patent. Enco's copies in fact were duplicates of the arbitrary spectrum of shapes and sizes utilized for the KANT-TWIST line (F 22).

Further, as set forth hereinabove, Enco's statement that "Clamp neither advertised or promoted the overall configuration of its clamps as a trade-

mark" is belied by the findings of the District Court and Court of Appeals. Enco's statement that "the first time Clamp asserted its clamp configuration as a trademark was the instigation of this litigation" is also misleading. From the initial cease and desist letters sent by Clamp to Enco in December, 1977, Clamp consistently asserted that Enco's copying of the distinctive features of the KANT-TWIST line of shapes, sizes, appearance had resulted in passing off and confusion and constituted deceptive and unfair trade practices (TX 153, 154, 155).

Finally, Enco's statement that "during those five years (from 1977 through 1982), Clamp did not complain to Enco about Enco's continuing sales of non-twisting clamps" is incomplete and misleading. The District Court found that "Enco was aware of Clamp's continu-

ing objection to Enco's unlawful conduct and continued to sell the NO-TWIST clamps at its own risk", (F 23) and the Court of Appeals cited the District Court's finding that "Enco was aware of Clamp's rights." (PA 6)

REASONS FOR DENYING THE WRIT

I. PROVIDING PROTECTION UNDER THE FEDERAL TRADEMARK LAWS FOR PRODUCT CONFIGURATIONS, WHERE A PLAINTIFF HAS PROVED THAT SLAVISH COPYING IS NOT REQUIRED IN ORDER TO EFFECTIVELY COMPETE, AND HAS ESTABLISHED SECONDARY MEANING AND LIKELIHOOD OF CONFUSION, DOES NOT IN ANY WAY IMPEDE LEGITIMATE COMPETITION, NOR INTERFERE WITH THE PATENT LAWS.

The crux of the argument made by Enco is that the characterization of the configuration of a product which was the subject of an expired patent as a protectable unregistered trademark under Section 43(a) of the Lanham Act (15 U.S.C. § 1125(a)), "creates a serious impediment to competitors who wish to

market these products, especially in those cases where there is no fair warning to the trade of the features of the product which constitutes a trademark." However, the Court of Appeals for the Ninth Circuit, as well as other circuits, have held that trade dress, including overall product configurations, may be protected if their designs are non-functional and have acquired secondary meaning, and if their imitation creates a likelihood of consumer confusion. See e.g. Fuddruckers, Inc. v. Doc's B.R. Others, Inc. 826 F.2d 837 (9th Cir. 1987); Vuitton Et Fils S.A. v. J. Young Enterprises, 644 F.2d 769 (9th Cir. 1981); Vaughn Manufacturing Co. v. Brikam International, Inc., 814 F.2d 346 (7th Cir. 1987); Peterson Manufacturing Co. v. Central Purchasing, Inc., 740 F2d 1541 (Fed. Cir. 1984). The inquiry as to

whether the granting of protection for the configuration of a product would create a "serious impediment to competitors" is undertaken in all of these cases and in fact is the primary consideration in the courts' analyses of the functionality issue.

Viewed in the context of product shapes, the test for functionality has been articulated by the United States Court of Appeals for the Federal Circuit, applying Ninth Circuit law, in the following manner: "... a potential trademark may be found in a product shape, which, although functional, is not functional to such a degree that it must be slavishly copied in order to have a functionally equivalent product, i.e., is not de jure functional." Peterson Manufacturing, supra. As the Court of Appeals for the Federal Circuit has

held: "Rather, the decisive consideration is whether the overall design of the [the product] is so superior in de facto function or economy of manufacture that recognition of that design as a trademark would hinder competition in the [protected product] trade." In Re Teledyne Industries, Inc. 696 F.2d 968 (Fed. Cir. 1982).

The District Court in this case considered the substantial evidence presented by Clamp of commercially feasible alternative configurations which would perform the same function and which would have the same economy of manufacture as the Clamp line of KANT-TWIST cantilevered clamps. Clamp's expert witness testified extensively regarding the existence of alternative configurations of cantilevered C clamps which perform the same

function as Clamps' product line, but which would not require slavish copying of the line in order to effectively compete. (Tr. V/7-17)

To demonstrate this fact, Clamp's expert preferred two (2) alternative configurations, both of which were clearly distinguishable from the KANT-TWIST line. One alternative configuration would not have violated the utility patent which previously covered the clamps. (TX 102, 103) The second alternative would have violated the expired utility patent. (TX 104, 105) These alternative configurations not only established that the KANT-TWIST design configuration was primarily non-functional, but also graphically demonstrated that Clamp was not seeking to extend its expired utility patent, but, rather, was seeking to prohibit the unnecessary

slavish copying of its entire line of cantilevered C clamps.

Clamp's expert also testified that there was no specific optimal configuration for a "pivoted action weighted" clamp (as the KANT-TWIST clamp was denominated in the expired utility patent) that would be better in function or operation than any other configuration in terms of strength, stress, concentration in the ability to clear the work piece. Referring specifically to the patent drawing (TX 301) (with respect to the expired patent for the KANT-TWIST single screw actuated pivoted clamp), Clamp's expert testified: "I don't think there is such an optimal configuration that it does not exist by this -- can't represent it -- as one could make perfectly good clamps with different detailed shapes of the arms." (Tr. V/14)

Enco is arguing in favor of a per se rule, which would stand for the proposition that the existence of an expired utility patent that covered a product would automatically foreclose the acquisition of trademark rights in the configuration of the product depicted in the patent drawing. This is simply not the law, nor should it be. Rather, it is well established that the existence of a utility patent, or indeed the existence of advertisements touting utility, do not as a matter of law, establish functionality. See In Re Carr-Griff, Inc. 223 U.S.P.Q. 359, 361 (T.T.A.B. 1984).

As the International Trade Commission noted in connection with the claim brought before it regarding foreign "knock-offs" of domestic electric fuses:

"The mere fact that a design serves some function will not render it legally functional if the design is arbitrary and there are alternative designs which would serve the same purpose. Those circumstances exist in the case at hand; another design would serve the same purpose of facilitating removal of the fuse.

• • •

A feature is non-functional if it is not primarily or substantially functional. Thus, even if the features of the patented fuses and the infringing imports are considered to have some functional purpose, we find they still are entitled to protection under the law." In Re Certain Miniature Plug-In-Blade Fuses, 221 U.S.P.Q. 792, 802-803 (U.S. Int.T.C. 1983) (emphasis added).

The courts have weighed several factors in determining whether a particular produce configuration is functional. Thus, in In Re R. M. Smith, 219 U.S.P.Q. 629 (T.T.A.B. 1983), it was recognized that the following were relevant elements:

"The existence of utility patents, advertising touting the utilitarian advantages of a

configuration, the existence of alternative configurations and evidence showing that a design results from a simpler or cheaper method of manufacture are all factors which may be helpful in determining whether a particular design is functional." Id. at 631.

See also In Re Morton Norwich Products, Inc., 671 F.2d 1332 at 1340-41 (C.C.P.A. 1982), cited with approval in the Court of Appeals decision in this case (PA 7-8).

The Court of Appeals for the Federal Circuit distinguished the functionality inquiry in trademark cases from that arising in patent cases, noting that they:

"... can hardly be presumed to be even similar questions. . . . [F]unctionality in the context of this case is a question of a highly factual nature." . . . In evaluating arguments made on behalf of the right to obtain or retain a patent, the proper object of scrutiny is the meaning of patent claims when compared to the teachings of the prior art. On the other hand, in assessing the right to protection from unfair

product copying, the proper object of attention is the actual marketplace design of and marketing practices for an allegedly copied product when compared to those of the alleged copy. The aim of the patent system was to enhance the incentive for useful innovation; the aim of the Lanham Act, Section 43(a), even in the context of product simulation, is to protect a trader's established identity. See International Order of Job's Daughters v. Lindeberg & Co., 633 F.2d 912, 918-19 (9th Cir. 1980) [other citations omitted]." Cable Electric Products, Inc. v. Genmark, Inc., 770 F.2d 1015, 1029-31, (Fed. Cir. 1980)

In the Cable Electric decision, the Federal Circuit directed the District Court to guide its analysis of functionality by utilizing the ample case law available from the Ninth Circuit. It noted out the specific problem caused by improper reliance upon the utility patent:

"In resolving the question of product design functionality for purposes of the Lanham Act, Section 43(a), the fact finder is to consider the

appearance of the products in issue. Reference to utility patent claims that are, or have been, asserted to read on either product, or to the appearance of the device depicted in figures included in the patent specification supporting such claims, must be done with caution. Cf. Best Lock Corp v. Schlage Lock Co., 413 F.2d 1195, 1199, 162 U.S.P.Q. 552, 556, 56 C.C.P.A. 1472, 1477-78 (1969) (cautioning that a 'utility patent is only "some evidence" as to functionality' in its explanation of statements in In Re Shenango Ceramics, Inc., 362 F.2d 287, 292, 150 U.S.P.Q. 115, 120, 53 C.C.P.A. 1268, 1274 (1966). [Citations] Claims may be capable of reading on many devices of strikingly different configurations. Thus, even the fact that the claims read on two commercial devices in the marketplace is not support in itself for a finding that one is a copy of the other or confusingly similar thereto for section 43(a) purposes. A manufacturer may choose in its commercial embodiment of a patented device to less than faithfully replicate the exemplary depiction of a claimed embodiment shown in the figures of the patent. Hence, for purposes of evaluating the existence of impact of product copying, the relevance of patent figures depends on the extent to which their appearance is replicated in the actual marketplace product of the patentee." Id., at 103) (emphasis added).

In its analysis of the functionality issue, the District Court, as affirmed by the Court of Appeals, did consider the impact that protection of Clamp's product configuration would have on competition and in connection therewith concluded that Clamp had met its burden of proof on the question of non-functionality. This finding, coupled with findings of secondary meaning and likelihood of confusion, as well as actual confusion arising from the sale of Clamp and Enco's respective clamps in the marketplace, provided ample support for the Judgment entered by the District Court and affirmed by the Court of Appeals.

Enco's argument with respect to a requirement of registration of a product configuration before offering it protection under the trademark laws, assuming all the other elements of protection are

met, disregards traditional, undisputed principles of trademark law, which afford trademark protection to unregistered as well as registered marks. This principle has been applied in numerous cases that have recognized protection for product configurations. To require the registration of product configurations as a prerequisite for protection would be inconsistent with the laws of trademark infringement and unfair competition and would judicially legislate a different rule for configurations, as opposed to words or symbols, that constitute trademarks.

Enco's reference to the purported suggestion of the Ninth Circuit that if the Court of Appeals were deciding the issue of functionality de novo, it would conclude that no trademark rights existed in Clamp's product configuration, is

again a misstatement of the Court of Appeals decision. In fact, the Court of Appeals held that it could not find that the District Court's findings were clearly erroneous and that Clamp had presented sufficient evidence to sustain the District Court's finding under the clearly erroneous standard. The Court of Appeals stated that it was not left with a definite and firm conviction that a mistake had been committed, citing the test set forth in United States v. Gypsum Co., 333 U.S. 364, 395 (1948). (PA 8-9)

Finally, Enco argues that in a case like this one, the trademark owner can obtain broader trademark rights and enforcement with an unregistered product configuration mark than it would have if it had sought federal trademark registration. This is simply not true. If Clamp's product configuration design had

been registered as a trademark, the parameters of protectability and acceptable competition would be limited by the same analysis of functionality and likelihood of confusion utilized in the case of unregistered product configurations. Further, any United States Patent and Trademark Office decision on the registerability of a product configuration would also be made through an analysis of functionality and secondary meaning similar to that made by the District Court and Court of Appeals in this case.

II. THE NINTH CIRCUIT STANDARD OF REVIEW
ON LIKELIHOOD OF CONFUSION, UNDER THE
CLEARLY ERRONEOUS STANDARD, IS CON-
SISTENT WITH THIS COURT'S PRECEDENT
AND THE MANDATE OF RULE 52(A) OF THE
FEDERAL RULES OF CIVIL PROCEDURE.

The thrust of Enco's argument on a claimed need for consistency regarding the standard of review on the likelihood of confusion issue is that one fallible human being, the District Court Judge in this case, disagreed with Enco's view of the evidence at trial and that three appellate judges allegedly suggested that, if the matter were up to them, they probably would not have ruled the way the District Court Judge did in this action. This argument is predicated upon the apparent equal access that the appellate court enjoys to the physical and documentary evidence relevant to the uses and impact of Clamp's and Enco's clamps

and their product configurations in the marketplace.

However, this Court made clear in its decision in Anderson v. City of Bessemer City, North Carolina, 470 U.S. 564, 105 S.Ct. 1504, 1512 (1985), that appellate courts may not substitute their view of factual findings based upon documentary evidence. The Seventh Circuit Court of Appeals, in applying the Anderson analysis to a trademark infringement action, held that the legal question involved in the likelihood of confusion issue is not whether the marks in question looked similar to the district or appellate court judges, but whether they looked similar to ordinary consumers. "We have no way to find out how ordinary consumers perceive the mark; the district court on the other hand, heard testimony on that subject and

received evidence of actual confusion." Scandia Down Corp. v. EuroQuilt, Inc., 772 F.2d 1423, 1428-29 (7th Cir. 1985), cert. denied 475 U.S. 1147, 106 S.Ct. 1801 (1986).

The fact that an appellate judges may be correct when they state that they can read and evaluate the similarities between the parties' trade dress (product configuration) just as well as a trial judge is irrelevant under the approach taken by this Court in the Anderson case. Thus, in Ambrit, Inc. v. Kraft, Inc., 812 F.2d 1531 (11th Cir. 1986), cert. denied 481 U.S. 1041, 107 S.Ct. 1983 (1987), the Eleventh Circuit noted that defendant:

"asserts that this court is in as good a position to apply the subjective eyeball test as the lower court. In essence [defendant] is asking this court to review the finding of similarity of design [of trade dress] de novo. We decline

this invitation. A finding of similarity is a finding of fact reversible only for clear error" . . ." [T]he Supreme Court's recent decision in Anderson v. City of Bessemer, . . . makes clear that an appellate court reviewing a finding of fact is constrained by the clearly erroneous standard even when the finding of fact does not turn on the credibility of witnesses or is such that the reviewing court was in as good a position as the district court to review the evidence." Id. at 1541, fn. 46.

Further, an amendment to Rule 52(a) of the Federal Rules of Civil Procedure that became effective August 1, 1985, provides that findings of fact, "whether based on oral or documentary evidence, shall not be set aside unless clearly erroneous." The Advisory Committee's note to the amendment states that the newly added language ("whether based on oral or documentary evidence") is designed to apply to the "clearly erroneous" rule to every form of evidence. In light of the foregoing, it is clear

that Enco is inviting a decision which would be contrary to the holding of the Anderson precedent of this Court and the clear dictates of Rule 52(a).

Furthermore, the Ninth Circuit has not, as Enco claims, "flip-flopped" several times on the standard of review for likelihood of confusion. In Levi Strauss & Co. v. Blue Bell, Inc., 778 F.2d 1352 (9th Cir. 1985) (en banc), the Ninth Circuit made clear that likelihood of confusion is purely a question of fact, reversible on appeal only if clearly erroneous. The Ninth Circuit noted that likelihood of confusion is a mixed question of law and fact, but predominantly factual; that de novo review required significant diversion of appellate court resources; that confusion determinations have limited precedential value because they stood upon the facts

of individual cases; and that they are treated as fact questions for jury purposes. This likelihood of confusion standard of review was followed by the Ninth Circuit in the instant action, as well its subsequent decision in Accuride International, Inc. v. Accuride Corp., 871 F.2d 1531, 1534 (9th Cir. 1989).^{3/}

3/ See also Park 'N Fly, Inc. v. Dollar Park & Fly, Inc., 782 F.2d 1508, 1509 (9th Cir. 1986) (on remand from the Supreme Court): "We reviewed the district court's finding of likelihood of confusion under the clearly erroneous standard. Levi Strauss & Co. v. Blue Bell, Inc...."

III. THE COURT OF APPEALS PROPERLY AFFIRMED THE DISTRICT COURT'S IMPLIED REJECTION OF THE LACHES DEFENSE THROUGH A FULL UNDERSTANDING ASCERTAINABLE FROM THE FINDINGS ENTERED BY THE DISTRICT COURT.

The Court of Appeals, citing Vance v. American Hawaii Cruise, Inc. 789 F.2d 790, 792 (9th Cir. 1986), noted that while the District Court made no express findings and conclusions on Enco's laches defense, it could assume that the District Court's failure to discuss the laches defense is equivalent to refusal, because there is no doubt that (1) the District Court rejected the defense, and (2) a full understanding of the issue may be obtained from the District Court's findings, which did address the relevant factors. (PA 5) The Court of Appeals opinion then recited the District Court's findings with respect to the factors to be weighed in analyzing the laches de-

defenses, as set forth in E-Systems, Inc. v. Monitek, Inc., 720 F.2d 604, 607 (9th Cir. 1983). These included the District Court's finding that Clamp's trademark rights are strong, that Clamp acted promptly in writing to Enco, filing its FTC Complaint, and filing suit after the FTC completed its investigation, that Clamp was damaged substantially by Enco's actions, that Enco was aware of Clamp's rights, and that Clamp and Enco were in direct competition. (PA 5-6)

The Court of Appeals noted that while the District Court made no express finding concerning harm suffered by Enco as a result of Clamp's delay, the District Court, in finding that Enco was aware of Clamp's continuing objections and that the No-Twist sales were less than .7% of Enco's total sales, had

implicitly determined that Enco suffered no harm. (PA 6; F 14, 23)

Contrary to the claim of Enco, the Court of Appeals did not conduct a de novo weighing of the facts on the laches issue. Enco in its Petition (page 36) presents this Court with an incomplete and out of context quotation from the Court of Appeals opinion as it relates to the District Court's findings "weighing" against a determination of laches.

In fact, the quote cited by Enco (PA 6), follows a discussion of an alleged presumption of harm urged by Enco arising from an analogous statute of limitations. In response to Enco's urging of such a presumption, the Ninth Circuit noted that it has applied a presumption of harm based upon delay equal to analogous statute of limitations period only in patent cases and that that

period runs for six years and simply limits the recovery period for damages. Further, the Court of Appeal concluded that the application of the presumption would not matter to the result in the instant case. Thus, in the passage cited by Enco, the Court of Appeals was simply stating "even if we assume that the District Court was clearly erroneous in not presuming that Enco suffered harm as a result of Clamp's delay, the District Court's findings and the other factors weigh against a determination of laches."

(PA 6)

It is abundantly clear that a full understanding of the issue of laches was possible without separate, specific findings in addition to those mentioned above. Enco's citation to this Court's decision in Icicle Seafoods, Inc. v. Worthington, 475 U.S. 709, 106 S.Ct. 1527

(1986) is inapposite. In that decision, the Court of Appeals was criticized for making factual findings on its own. "If the Court of Appeals believed that the District Court had failed to make findings of fact essential to a proper resolution of a legal question, it should have remanded to the District Court to make those findings." Id. at 1530. This is not what occurred in the instant action. The Court of Appeals did not create findings, nor did it "weigh" them.

Enco's argument that the District Court possibly actually rejected the defense of laches on a legal theory advanced by Clamp in its motion in limine is similarly unavailing. There is no doubt that the District Court considered Enco's defense of laches at trial. The Pre-Trial Conference Order sets forth the

factual and legal issues regarding laches that were litigated before the District Court. (RA C-18, C-26) While Clamp did file a motion in limine seeking to bar evidence of laches, the District Court never ruled on that motion. Enco strenuously argued its laches defense at trial and Enco conceded, in connection with the laches defense, that "after a plenary trial on the merits, the record is complete. Since the district court never ruled on Clamp's Motion in Limine, all proof of laches is in the record." (RA D-1 through D-3)

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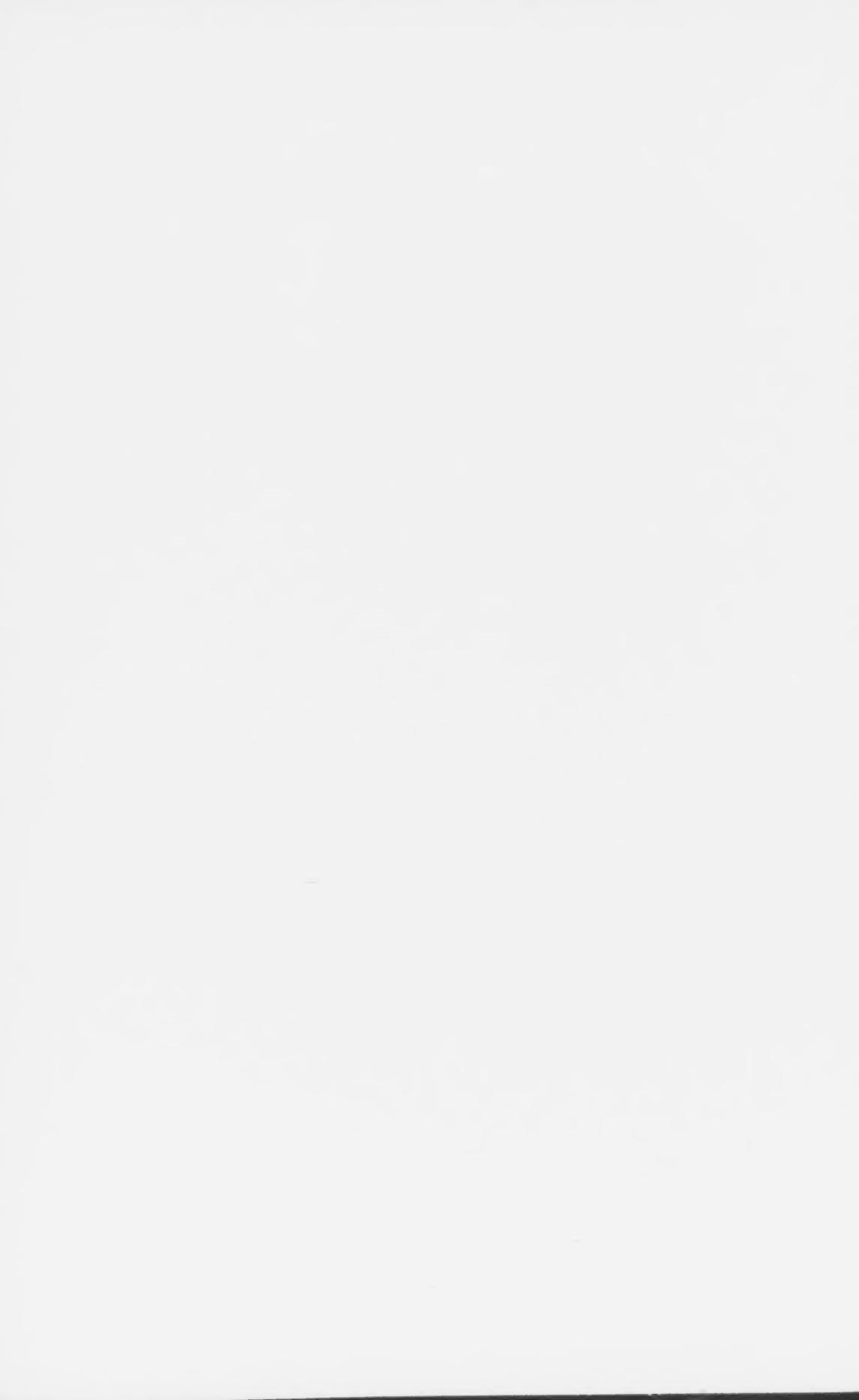
CONCLUSION

For the foregoing reasons,
Respondent respectfully submits that the
Petition for Certiorari should be denied.

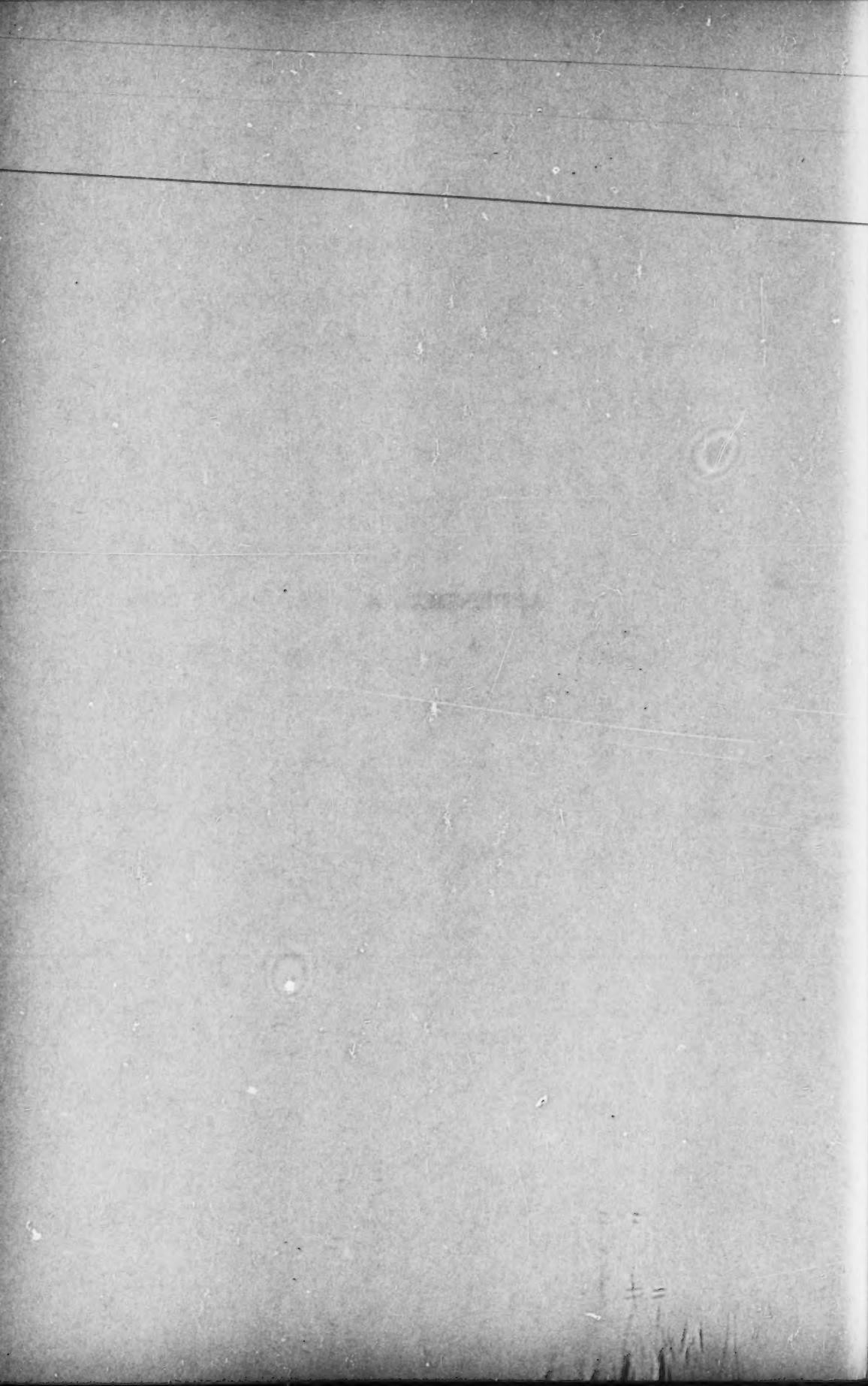
Respectfully submitted,

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APPENDIX A



A - 1

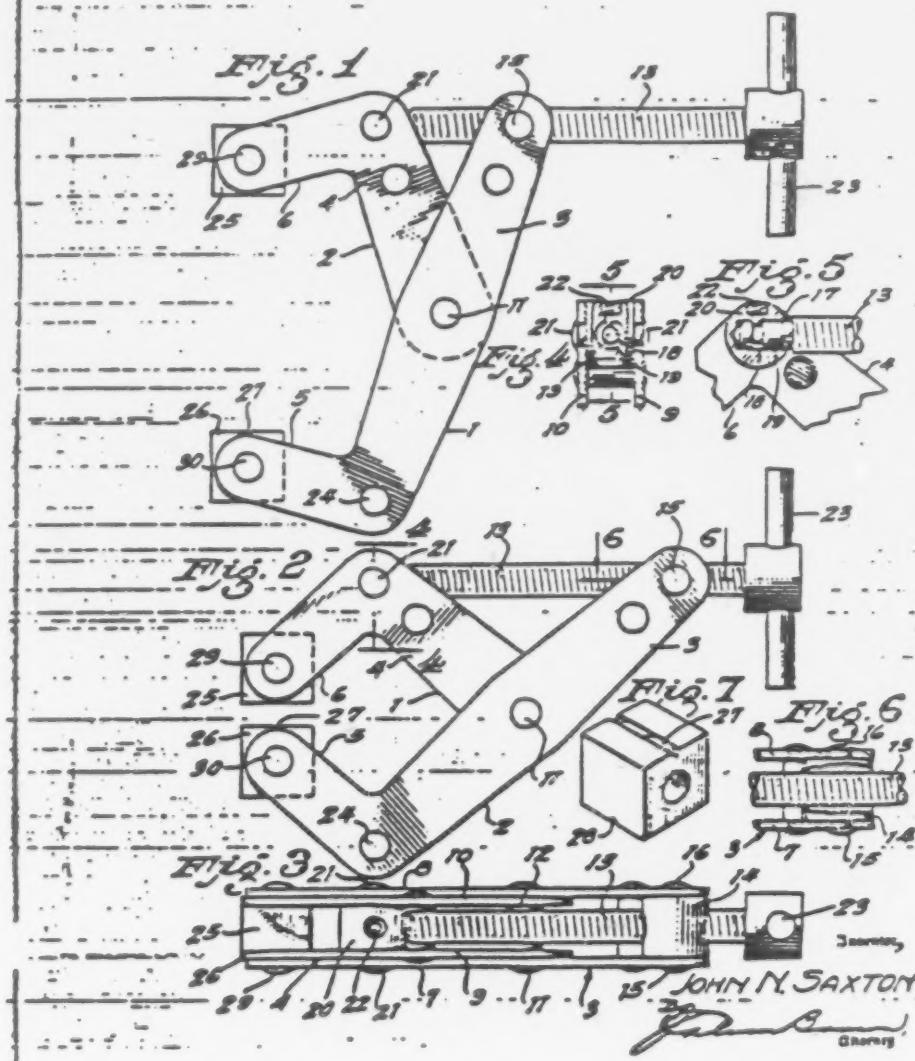
Dec. 13, 1955

J. N. SAXTON

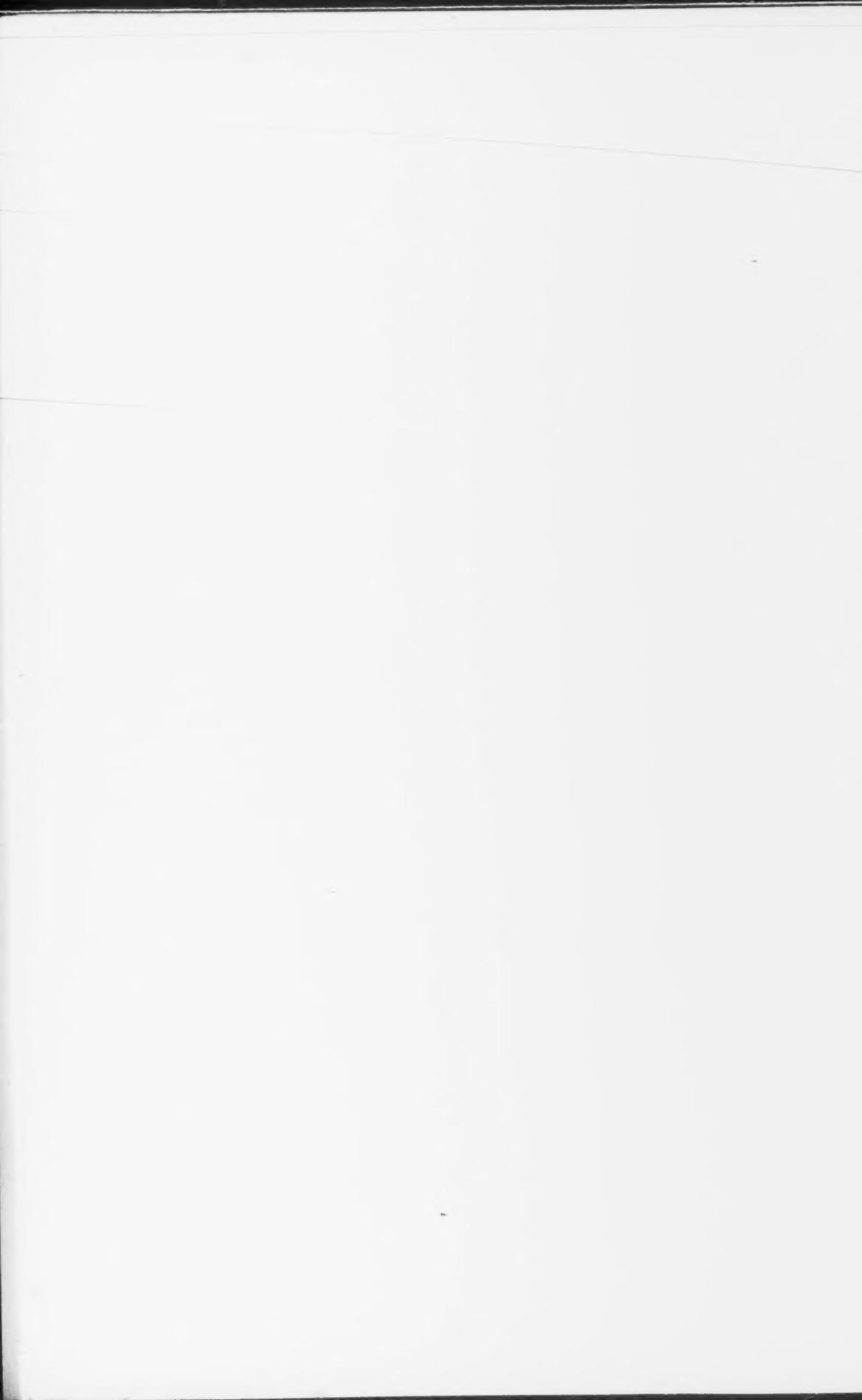
2,726,694

SHINGLE SCREW ACTUATED PIVOTED CLAMP

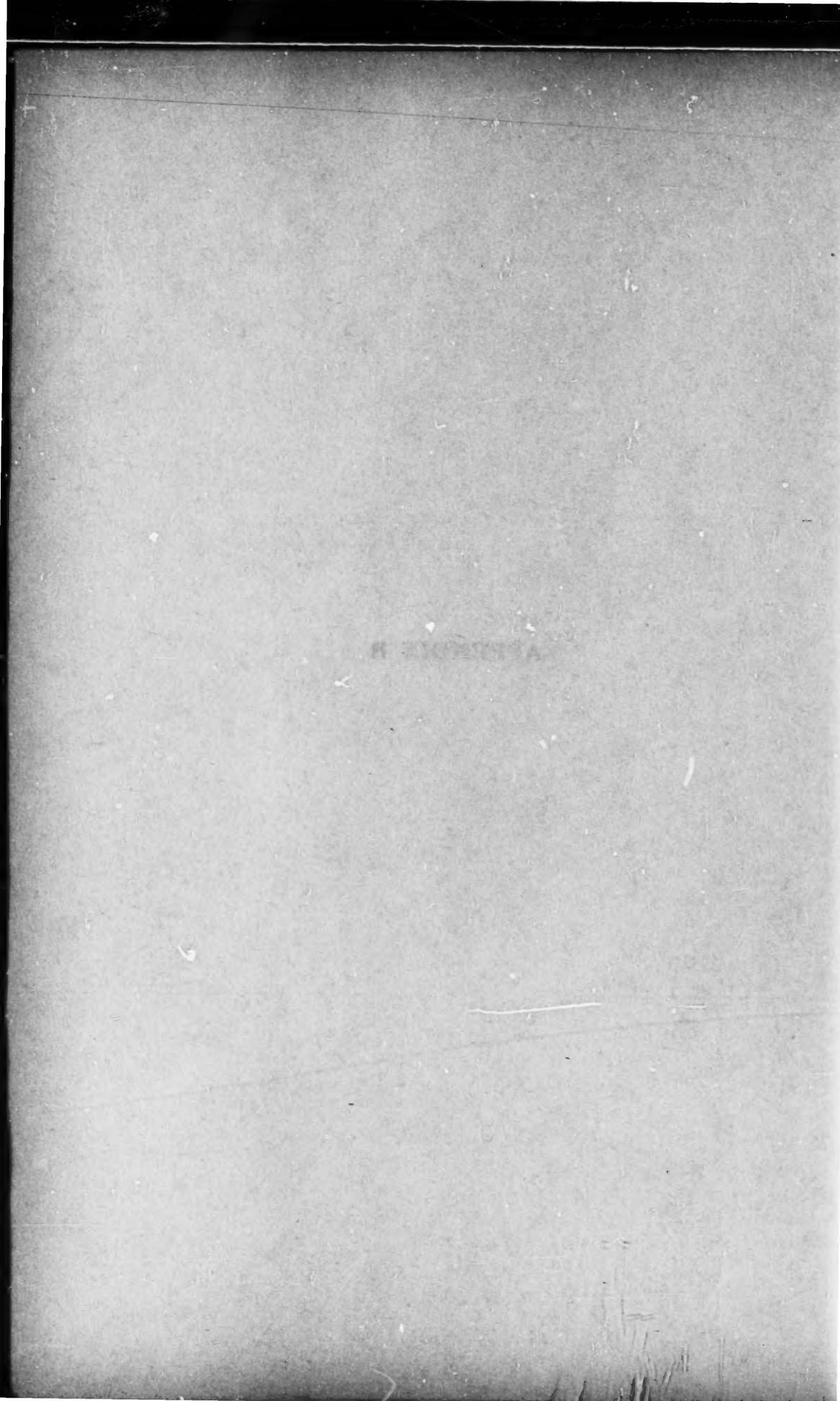
Filed Feb. 4, 1952



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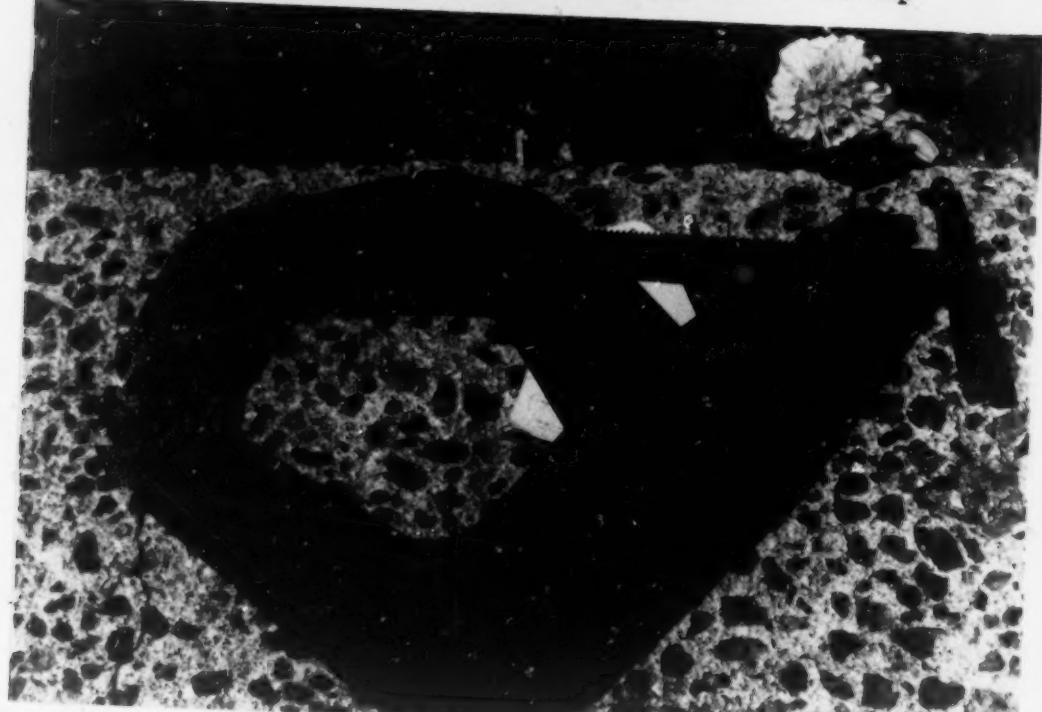
APPENDIX B



B - 1



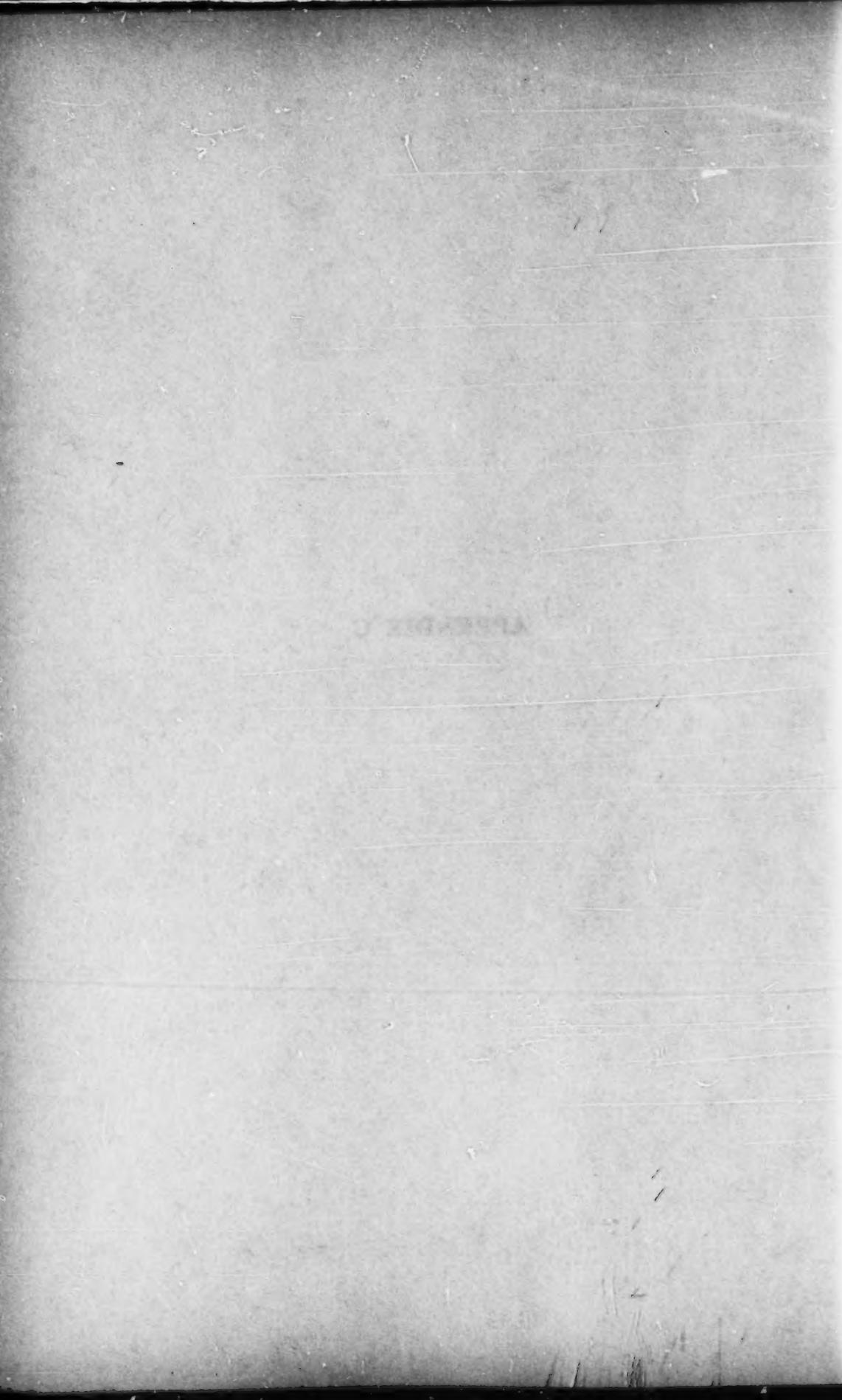
Clamp's KANT-TWIST 6 deep-bite clamp



Enco's NO-TWIST 6 deep-bite clamp



APPENDIX C



C-1

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INC. And COLEX, INC.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CLAMP MFG. CO.,) NO. CV 82-4352
INC. a California) CBM (TX)
corporation,)
Plaintiff,) PRE-TRIAL CONFERENCE
) ORDER
v.)
DATE: June 9, 1986
TIME: 1:30 p.m.
ENCO MFG. CO.,) In the Courtroom of
INC., et al.,) the Honorable
Defendants.) Consuelo B. Marshall,
) United States
) District Court Judge

Following the Pre-Trial proceedings,
pursuant to Rule 16, Fed. R. Civ. P., and
Local Rule 9, IT IS HEREBY ORDERED THAT:

1. The parties to the Complaint
are plaintiff Clamp Mfg. Co., Inc., a
California corporation, and defendants
Enco Manufacturing Co., Inc., an Illinois
corporation, and Coplex, Inc., a
California corporation (hereinafter col-
lectively known as the "Enco defen-
dants"). Defendants Industrial Pipe &
Steel, Inc. and Rutland Tool & Supply,
Inc. have stipulated to consent judg-
ments.

Each of the Enco defendants has been
served and has appeared. Defendants
Primeline International, Korean United
Mfg. Co., Inc. and Nebay Iron & Steel
Works have not been served. All parties
named in the pleadings and not identified

in the preceding paragraph are now hereby dismissed.

The pleadings which raise the issues are: (1) plaintiff's Complaint for injunction for trademark infringement, violation of Section 43(a) of the Lanham Act, unfair competition and for damages filed on August 24, 1982; and (2) the Enco defendants' Answer to Complaint filed on or about October 18, 1982.

Pursuant to the request of the Enco defendants, their counterclaim is hereby dismissed with prejudice and plaintiff does not object thereto.

2. Federal jurisdiction and venue are based upon 28 U.S.C. §§ 1338(a) and (b), and 1331, and 15 U.S.C.. §§ 1121 and 1125(a):

(a) This is an action for trademark infringement, false designation

of origin, false description, palming off and unfair competition. It arises under the trademark laws of the United States (15 U.S.C. §1051, et seq.), particularly Sections 1114(1), 1121 and 1125(a), and under state law.

(b) Plaintiff Clamp Mfg. Co., Inc. is, and at all relevant times was, a corporation duly organized and existing under and by virtue of the laws of the State of California, doing business in the Central District of the United States District Court for the State of California. Defendant Enco Manufacturing Co., Inc. is a corporation duly organized and existing under and by virtue of the laws of the State of Illinois, with its principal place of business in Chicago, Illinois, and doing business in the Central District of the United States

District Court for the State of California. Defendant Colex, Inc. is a corporation duly organized and existing under and by virtue of the laws of the State of California and doing business in the Central District of the United States District Court for the State of California.

(c) The facts requisite to invoke federal jurisdiction and venue are admitted by all parties.

3. The trial is estimated by plaintiff to take five (5) days and by the Enco defendants to take ten (10) days.

4. The trial is to be a non-jury trial. At least one week prior to the trial date each counsel shall submit to the Court and opposing counsel the proposed findings of fact and conclusions of

law the party expects the Court to make upon proof at the time of trial as required by Local Rule 13.5.

5. The following facts are admitted and require no proof:

(a) Plaintiff Clamp Mfg. Co., Inc. ("plaintiff") is a California corporation having its principal place of business in Los Angeles, California. Plaintiff's predecessor in interest was Saxton Mfg. Co.

(b) Plaintiff and its predecessor continuously since 1955 have been and now are engaged in the business of manufacturing, selling, marketing, advertising and distributing clamps throughout the United States.

(c) Plaintiff owns U.S. Trade-mark Registration No. 977,118, issued on January 2, 1974 for the designation of

KANT-TWIST for clamps. Said registration acquired incontestable status on January 21, 1980 based on the filing of an affidavit with the United State Patent and Trademark Office.

(d) Defendant Enco Manufacturing Co., Inc. ("Enco") is a manufacturer and distributor of machine tools, parts and accessories with offices located in Chicago, Illinois.

(e) Defendant Colex, Inc. ("Colex") is an affiliate of Enco, is the West Coast distributor of Enco and is located in Cerritos, California. Colex sells products distributed by Enco, including clamps, primarily to users of such products. Enco and Colex have common ownership.

(f) Continuously since 1976, Enco has purchased, through Primeline

International, a line of clamps similar in nature, function, and use to plaintiff's KANT-TWIST clamps.

(g) The Enco defendants have sold or otherwise distributed such clamps throughout the United States. These clamps are designated as Enco No Twist clamps^{1/} in Enco's catalogues.

(h) The Enco defendants have sold each No Twist clamp that Enco has purchased, except for current inventory. Enco's purchases are accurately reflected and evidenced by Enco's purchase orders produced and to be produced by the Enco defendants in response to plaintiff's prior and future discovery requests.

1/ Since the facts regarding, and legal significance of, the use by the Enco defendants of the designation No Twist is in dispute, the parties do not waive any factual or legal claims or defendants

(i) In late November 1977, plaintiff demanded of Enco that it cease importing such clamps and selling them under the No-Twist designation. Enco promptly rejected the demand in a letter to plaintiff dated December 5, 1977. A letter from plaintiff to Enco dated December 19, 1977 subsequently followed.

(j) The Enco defendants' sales of No Twist clamps represent less than .7% of their total sales.

(k) Plaintiff's sales of the KANT-TWIST clamps represents the majority of plaintiff's business and sales.

(l) In December 1955, John Saxton, plaintiff's predecessor in interest, obtained United States utility patent number 2,726,694 for its line of KANT-TWIST clamps.

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6. The following issues of fact, and no others, remain to be litigated at trial:

(a) Whether the design configuration of plaintiff's KANT-TWIST clamps is primarily non-functional. (P)^{2/}

(b) Whether the design configuration of plaintiff's clamps is essentially functional and contributes materially to a general sales of the goods.

(D)

(c) Whether the design configuration of plaintiff's clamps is aesthetic or ornamental. (D)

(d) Whether the design configuration of plaintiff's KANT-TWIST clamps

regarding these issues by virtue of the manner in which this Order denominates and describes such use.

^{2/} The parties have been unable to reach full agreement as to how to state

is disclosed, described, and/or claimed in the U.S. utility patent of plaintiff's predecessor. (D)

(e) Whether plaintiff has promoted the design configuration of its clamps for the objectives for which clamps are used or purchased. (D)

(f) Whether the design configuration of plaintiff's clamp contributes to the products' use, efficiency or purpose. (D)

(g) Whether the design configuration of plaintiff's clamp gives the consumer a substantial reason for purchasing or using the product. (D)

(h) Whether there will be a hindrance of competition should the Enco defendants be enjoined from using the present design configuration of their No Twist Clamps. (P)

(i) Whether there is a commercially feasible alternative clamp design configuration which others, including the Enco defendants, could utilize to successfully compete with plaintiff's KANT-TWIST clamps on the basis of utility.

(P)

(j) Whether plaintiff adopted the design configuration of its clamps for the purpose of identifying it and distinguishing its clamps from those of others. (D)

(k) Whether the design configuration of plaintiff's clamps serves to identify plaintiff as a source of its line of clamps.

(l) Whether there is a likelihood of confusion resulting from the Enco defendants' use of the design configuration of their products.

(m) Whether a significant number of reasonably prudent purchasers have been confused as to the source of clamps. (D)

(n) Whether actual confusion has occurred as a result of the Enco defendants' use of the design configuration of their clamps.

(o) Whether the Enco defendants' adopted the design configuration of their clamps in bad faith.

(p) Whether the Enco defendants' use of the design configuration of their clamps was intended to cause actual confusion in the marketplace.

(q) Whether plaintiff, and its predecessor in interest, developed a line of clamps and since the inception of the sales of this line of clamps designated,

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advertised and promoted and sold such clamps under the designation KANT-TWIST.

(r) Whether the incontestable status of plaintiff's KANT-TWIST trademark prohibits any defense against plaintiff's claims on the basis that the KANT-TWIST trademark is merely descriptive. (P)

(s) Whether the incontestable status of plaintiff's KANT-TWIST trademark compels the conclusive presumption of secondary meaning for the KANT-TWIST trademark. (P)

(t) Whether plaintiff's KANT-TWIST trademark is a suggestive, descriptive or generic mark.

(u) Whether plaintiff's KANT-TWIST trademark has achieved secondary meaning.

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(v) Whether plaintiff has spent considerable sums advertising and promoting its KANT-TWIST line of clamps. (P)

(w) Whether there is a likelihood of confusion resulting from the Enco defendants' use of No Twist in connection with their products.

(x) Whether KANT-TWIST and No Twist are similar in sight, sound or meaning.

(y) Whether KANT-TWIST clamps and No Twist clamps are sold in the same channels of trade and are advertised and promoted to the same purchasers.

(z) Whether actual confusion has occurred as a result of the Enco defendants' use of the term No Twist in connection with their clamps.

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(aa) Whether the Enco defendants' use of the term No Twist in connection with the sale of their clamps was intended to cause actual confusion in the marketplace.

(bb) Whether a purchaser depending on casual recall would logically believe that the No Twist clamps marketed by the Enco defendants were made, sponsored or approved by plaintiff. (P)

(cc) Whether the term "twist" has been primarily associated by the buying public with plaintiff alone. (D)

(dd) Whether No Twist is used by the Enco defendants descriptive, rather than as a trademark, fairly and in good faith to describe their products.

(D)

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(ee) Whether plaintiff has established the exclusive right to use the term "twist" in connection with the clamps in suit. (D)

(ff) Whether the Enco defendants have acted and intended to palm-off the Enco defendants' clamps as those of plaintiff.

(gg) Whether the Enco defendants adopted a confusingly similar advertising format for their No Twist clamps which is likely to or has caused confusion in the marketplace.

(hh) Whether the Enco defendants' clamps are of inferior quality as compared to plaintiff's clamps

(ii) Whether the Enco defendants have represented their No Twist clamps to be of the same quality as plaintiff's KANT-TWIST clamps.

(jj) Whether the Enco defendants have filled orders for KANT-TWIST clamps with No Twist clamps. (P)

(kk) Whether the Enco defendants have filled more than a de minimus number of orders for KANT-TWIST clamps with No Twist clamps.

(ll) Whether plaintiff unreasonably delayed in bringing its action and whether the Enco defendants in reliance thereon changed their position or are otherwise prejudiced by such delay.

(mm) Whether the original defendants in this action sold clamps of the type similar to those sold by plaintiff under the designations No Twist, SUPER TWIST, TWISTLESS and UNIVERSAL TWIST.

(nn) Whether plaintiff has sustained damages, including but not limited

to lost profits, as a result of the Enco defendants' use of the design configuration of their No Twist line of clamps and, if so, the amount thereof.

(oo) Whether plaintiff has sustained damages, including but not limited to lost profits, as a result of the Enco defendants' use of their No Twist name and, if so, the amount thereof.

(pp) Whether plaintiff has sustained damages, including but not limited to lost profits, as a result of the Enco defendants' alleged unfair competition and palming off and, if so, the amount thereof.

(qq) Whether plaintiff is entitled to the Enco defendants' profits and, if so, the amount of profits earned by the Enco defendants in connection with their sale of No Twist clamps.

(rr) If plaintiff's right to the Enco defendants' profits is established, the amount of costs and deductions from the Enco defendants' sales under 15 U.S.C. § 1117.

(ss) Whether plaintiff is entitled to reasonable attorneys' fees and, if so, the amount of attorneys' fees reasonably incurred by plaintiff in connection with the lawsuit.

(tt) Whether plaintiff is entitled to pre-judgment interest and, if so, the amount of such interest.

7. The following issues of law, and no others, may be litigated at trial.

(a) Whether plaintiff's design configuration for its clamps is primarily non-functional. (P)

(b) Whether plaintiff sustained its burden of proof that its

design configuration for its clamps is non-functional. (D)

(c) Are the features of plaintiff's clamps incapable of exclusive appropriation by reason of their being the subject of an expired U.S. utility patent. (D)

(d) Whether the Enco defendants infringed upon plaintiff's design configuration for its clamps.

(e) If plaintiff's clamp configuration is not functional, has plaintiff sustained its burden of establishing secondary meaning by showing that clamp configuration identified plaintiff as the sole source of the product. (D)

(f) Whether plaintiff's design configuration for clamps has acquired secondary meaning.

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(g) Whether there is a likelihood of confusion between plaintiff's design configuration for clamps and the Enco defendants' design configuration of clamps.

(h) Whether the Enco defendants infringed plaintiff's KANT-TWIST trademark.

(i) Whether there is a likelihood of confusion between plaintiff's KANT-TWIST trademark and the term No Twist as used by the Enco defendants.

(j) Whether the incontestable status of the KANT-TWIST registration precludes any attack on it by the Enco defendants on the basis that the mark is allegedly merely descriptive.

(k) Whether the incontestable status of the KANT-TWIST registration permits the mark to be protected without

the need for plaintiff demonstrating secondary meaning.

(l) Whether plaintiff's delay in bringing suit, during which its KANT-TWIST trademark registration acquired incontestable status, estops plaintiff from claiming the benefit of such incontestable status against the Enco defendants. (D)

(m) Whether the KANT-TWIST trademark is merely descriptive (and therefore not protectible in the absence of a demonstration of secondary meaning) or suggestive (and therefore protectible without any necessity for demonstrating secondary meaning). (D)

(n) Whether plaintiff's KANT-TWIST trademark has acquired secondary meaning with respect to its clamps. (D)

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(o) Whether the scope of any trademark rights plaintiff may have is limited by the descriptiveness or suggestiveness of the term "twist". (D)

(p) Whether the Enco defendants' use of the term No Twist constitutes a fair use under 15 U.S.C. 1115 (b)(4) or otherwise.

(q) Whether the Enco defendants have met their burden of proof on the four elements of the fair use defense

(1) Plaintiff's KANT-TWIST trademark is descriptive;

(2) The Enco defendants' use of No Twist is not as a trademark;

(3) The Enco defendants utilize No Twist fairly and in good faith; and

(4) The Enco defendants utilize the term No Twist mark only to describe their clamps.

(r) Have the Enco defendants established a fair use defense. (D)

(s) Whether the Enco defendants are guilty of deliberate, fraudulent, malicious or willful infringement of plaintiff's trademark rights

(t) Whether the Enco defendants have unfairly competed with plaintiff.

(u) Whether the Enco defendants' sale of their No Twist clamps constitutes a false designation of origin, false description or false representation under 15 U.S.C. § 1125(a).

(v) Whether the Enco defendants are responsible for actions of

independent dealers and distributors who purchase "No-Twist" clamps from them for resale.

(w) Whether trademark infringement is a continuing tort. (D)

(x) Whether plaintiff is entitled to an injunction restraining future acts of trademark infringement and unfair competition.

(y) Whether plaintiff's claims should be barred by the equitable doctrines of estoppel or laches.

(z) Whether the Enco defendants have waived any alleged defense based in whole or in part upon the statute of limitation by failing to plead that defense. (P)

(aa) Whether plaintiff is entitled to damages, including but not limited to lost profits, arising out of

the Enco defendants' alleged trademark infringement and/or unfair competition.

(bb) Whether plaintiff is entitled to recovery of its attorneys' fees.

(cc) Whether plaintiff's award of actual damages should be increased pursuant to 15 U.S.C. § 1117.

(dd) Whether plaintiff is entitled to prejudgment interest, and, if so, the amount of such interest. (P)

8. Discovery is not yet complete. The parties have agreed and the Court hereby permits that the following further discovery shall be taken:

(a) Depositions of the expert witnesses designated by the parties.

(b) Depositions of persons identified on either of the parties'
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witness lists that have not heretofore been deposed.

(c) Completion of such other discovery as has been requested by the parties prior to the date hereof or which is reasonable and appropriate in connection with the factual and legal claim and defenses set forth in this Order. Such discovery or further discovery shall be completed no later than September 12, 1986.

9. The Joint Exhibit List of the parties is filed herewith under separate cover. Although the Joint Exhibit list is largely complete, in light of the discovery still outstanding, each party shall have the right to supplement the Joint Exhibit List so as to reflect exhibits falling within the scope of such outstanding discovery. The parties shall

complete their exchange of copies of all exhibits by September 29, 1986, shall supplement the Joint Exhibit List by September 29, 1986, and shall file objections to any exhibits not later than October 3, 1986.

10. The parties' Witness Lists are filed herewith. In light of this discovery still outstanding, plaintiff and the Enco defendants shall have the right to supplement their Witness Lists with names and addresses of additional witnesses they intend to call.

11. Each party intending to present evidence by way of deposition testimony will mark such depositions in accordance with Local Rule 9.4.9 not later than October 1, 1986.

12. No law or motion matters are presently pending or contemplated.

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13. The Court has previously ruled that the trial in this matter shall not be bifurcated.

14. The foregoing admissions have been made by the parties, and the parties have specified the foregoing issues of fact and law remain to be litigated, this pretrial conference order shall supersede the pleadings and govern the course of

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trial of this cause, unless modified to prevent manifest injustice.

DATE: June 9, 1986.

/s/ Consuelo B. Marshall
United States District
Court Judge

APPROVED AS TO
FORM AND CONTENT:

DATED: June 3, 1986 June 3, 1986

ERVIN, COHEN & JESSUP	ROSENFELD, MEYER
Allan Gabriel	& SUSMAN
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COLLEX, INC.

APPENDIX D

CHICAGO

BRIEF OF APPELLANT
IN THE
UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

CLAMP MANUFACTURING)	
COMPANY, INC.,)	No. 88-5559
)	DC# CV-82-
Plaintiff-Appellee,)	4352-CBM
)	
vs.)	Central
)	California
ENCO MANUFACTURING)	
COMPANY, INC., et al.,)	ORAL ARGUMENT
)	REQUESTED
Defendants-Appellants,)	

Appeal from the Judgment of the United
States District Court for the Central
District of California

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based its motion on the argument that the Supreme Court decision in Park 'N Fly, Inc. v. Dollar Park And Fly, Inc., 469 U.S. 189 (1985), overruled the Ninth Circuit decision in Prudential Insurance Co. v. Gibraltar Financial Corp., 694 F.2d 1150 (9th Cir. 1982), cert. denied, 463 U.S. 1208 (1983), thereby removing laches as a defense to infringement of an uncontested mark. [D-198, Motion In Limine] Although the district court never ruled on the Motion In Limine and evidence of laches was introduced at trial, the court made no explicit findings with respect to laches.

However, laches is indeed a defense to infringement; Park 'N Fly expressly withheld deciding the issue. Id., at 203 n. 7. This Court reaffirmed the Prudential decision in Pyrodyne Corp. v. Pyrotronics Corp., 7 U.S.P.Q. 2d 1082, 1085-86 (9th Cir. 1988). In Pyrodyne, this Court remanded the case to the district court; the case was still in the pretrial phase. Here, after a plenary trial on the merits, the record is complete. Since the district court never ruled on Clamp's Motion In Limine, all proof of laches is in the record. This Court should reverse the district court's award of damages because Clamp unreasonably delayed bringing suit.

Enco thus proved a prima facie case of laches that the district court substantially refused to consider.^{2/}

^{2/} The only arguable treatment of Enco's laches defense appears in Finding of Fact No. 23 [D-229], in which the court stated "during this time [of Clamp's delay], Enco was aware of Clamp's



No. 89-199
IN THE SUPREME COURT OF THE UNITED STATES
October Term, 1989

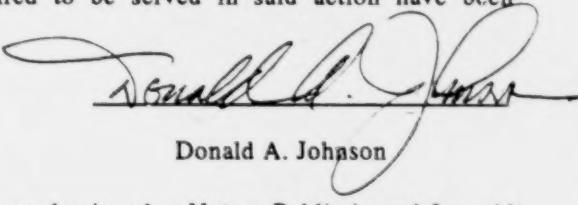
ENCO MANUFACTURING COMPANY, INC.,
Petitioner,
vs.
CLAMP MANUFACTURING COMPANY, INC.,
Respondent.

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss:
)

Donald A. Johnson being first duly sworn, deposes and says: I am a citizen of the United States and a resident of or employed in the county aforesaid. I am over the age of 18 years and not a party to the said action. My business address is 3550 Wilshire Blvd., Suite 916, Los Angeles, California 90010. On September 5, 1989, I served the within BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI on the interested parties in said action by placing three true copies thereof with first-class postage fully prepaid, in the United States post office mailbox at Los Angeles, California, in sealed envelopes addressed as follows:

CHARLES A. LAFF, ESQ.
LOUIS ALTMAN
LARRY L. SARET
LAFF, WHITESEL, CONTE & SARET
401 North Michigan Avenue, Suite 2000
Chicago, Illinois 60611

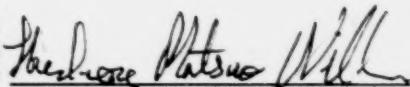
That affiant makes this service, for ALLEN GABRIEL, Counsel of Record, ERVIN, COHEN & JESSUP, Attorneys for Respondent herein, and that to the best of my knowledge all persons required to be served in said action have been served.


Donald A. Johnson

On September 5, 1989, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Donald A. Johnson, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

WITNESS my hand and official seal.




Theodore Matsuo Wilden
Notary Public in and for
said County and State